Impacts of Student Fee Increase and Budget Changes on Enrollment and Financial Aid in the California Community Colleges

A Report to the Legislature, pursuant to provisions of the 2003-04 Budget Act

Chancellor's Office
California Community Colleges

April, 2005

Executive Summary

This report examines the effects of the fee increase from $11 to $18 per unit that occurred in Fall 2003, along with the effects of budget reductions in the California Community College (CCC) system that occurred beginning in Fiscal Year (FY) 2002-03. In addition, the report provides summary results of an increase in financial aid provided to the CCC system in 2003-04 to help mitigate the fee increases.

Funding. The CCC system had experienced annual funding growth of 8.8% from 1995-96 to 2001-02. However, due to an ongoing fiscal crisis in the State of California, funding per full-time equivalent student (FTES) between FY 2001-02 and 2003-04 fell 5.9% adjusted for inflation. Colleges were forced to scale back their offerings as a result, causing a shortage of available course sections for students (supply constriction). The funding cuts occurred at a time when an even larger number of students would have normally been attempting to access the CCC system (Tidal Wave II).

Student Headcount Losses. After fifteen (15) consecutive primary terms of headcount growth in the system, Spring 2003 marked the first decline in the number of students in the CCC system. Spring 2003's headcount loss of 3.1% was followed by a loss of 3.4% in Fall 2003, and another 0.9% loss in Spring 2004. On an annual unduplicated student headcount basis, FY 2003-04 saw a dramatic loss of over 280,000 students from the CCC system, equivalent to a loss of almost 50,000 FTES (full-time equivalent students). It should be noted, however, that 97,000 annual unduplicated headcount amounting to 16,000 FTES was lost solely from special admit (K-12) students who had been taking physical education courses.

In examining the changes in student demographic and behavioral makeup before and after the supply constriction/fee increase, we found:

- ***A significant loss of over 180,000 first-time freshmen and returning students*** *(previously enrolled, stopped out, then enrolled again)*. Since these students were essentially attempting to access the system from the "outside", the inability of this group of students to attend exemplified the loss of access the system experienced during this time period. Continuing students did not show this level of headcount loss impact.
- ***A significant loss of older*** *(age 30-49)* **students** both in the general student population and in first-time/returning student populations.
- ***Decreases in participation rates in all student ethnicities.*** Native American (-16.2%) and White (-10.1%) students showed the largest drops in participation rates.
- ***Studies that correlated lower income geographical areas*** *(defined by household income by zip code)* ***to gains/losses in headcount in were not conclusive in determining if there was a significant impact in these lower income areas***. It is possible that system efforts to mitigate against disproportionate impact by income

level were somewhat successful. However, the system could not mitigate the loss of available course sections that caused a subsequent loss of student headcount.

Course Section Offerings. Between Spring 2002 and Fall 2003, the number of available course sections in the CCC system dropped by over 12,000. Average course section size rose from 27 to over 29. The curricular areas that showed the greatest loss in FTES were Physical Education and the Computer Sciences. The CCC system, however, continued to respond to the State's need for qualified nurses by actually increasing FTES in Nursing and related disciplines (Natural Life Science, Chemistry, Anatomy & Physiology).

Financial Aid. While the infusion of additional financial aid monies to the system budget met with some significant implementation challenges, the CCC system responded well in its efforts to increase the number of financial aid recipients (Board of Governors Enrollment Fee Waiver and Pell Grant) and the amount of financial aid distributed during this time period. Even with a significant decline in eligible students, the CCC system saw a:

- Net increase of 1.1% in the annual number of Pell Grant Awards from 2002-03 to 2003-04;
- Net increase of over 40,000 (3.8%) in the annual number of Board of Governors (BOG) Fee Waivers during the same time period;
- Net increase of over $117 million (13.1%) in the dollar value of all Student Financial Assistance Programs (SFAP) during the same time period; and
- Total aggregate award payments for all student financial assistance programs in 2003-04 of over $1 billion for the first time in history.

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Overview

This report is an examination of the effects of fee increases and supply restriction within the California Community College (CCC) system during the Fiscal Year (FY) 2003-04. The topics to be examined include changes in student fees, enrollment, demographics, and course offerings.

The ongoing fiscal crises beginning in 2001-02 within California State government that resulted in a reduction in available funding for the CCC system in 2002-03 continued in 2003-04. As a result, the system's ability to provide an adequate supply of courses to meet the student demand remained diminished through 2003-04. A $7 per unit fee increase occurred in Fall 2003 (FY 2003-04), with an additional $8 per unit increase occurring in Fall 2004 (FY 2004-05). A downward trend of section offerings and student headcount occurred in FY 2002-03 (most notably in Spring, 2003) prior to the first fee increase. In FY 2003-04, the dual impact of section offering reductions combined with the first $7 fee increase resulted in even further decreases in the System's ability to meet the educational demand of students.

This analysis attempts to show how the system responded to both the budgetary limitations that occurred during this period of time along with the impact of fees. Because both events occurred simultaneously, it is difficult to measure the effect of one distinct from the other. Had the fees increased in isolation, the effects could have been more clearly tied to just an increase in fees. So, as the reader views the following tables, it is important to note that the effects noted herein are not solely tied to the fee increases.

This report shows the effects of both the first fee increase ($11 to $18 per unit) and concurrent budget reduction. The effects of the second fee increase in Fall 2004 (from $18 to $26 per unit) will be addressed in a future report.

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Funding

As shown in Table 1, the California Community Colleges (CCC) enjoyed a period of strong funding growth after the budget crises of the early 1990's. FY 2002-03 marked the first decline in system funding since FY 1993-94. Combined with rapid growth in demand caused by Tidal Wave II, this funding reduction not only hampered the systems' ability to serve the influx of new students, it also affected the systems' ability to serve existing students in ways that are further examined in this paper.

It should be noted that the drop in system funding between 2001-02 and 2002-03 seems marginal (from $4.956 billion to $4.907 billion) on the surface. But given the strain placed on the system in attempting to satisfy access demands from Tidal Wave II, such a small percentage drop caused a very large reaction, especially since system funding had been averaging annual increases of 8.8% from 1995-96 to 2001-02. In fact, funding fell sharply on a per-student basis. Between 2001-02 and 2003-04, funding per full-time equivalent student (FTES), adjusted for inflation, fell 5.9%. In addition, the original Governor's budget for 2003-04 proposed a far greater cut (over 10%). Accordingly, colleges scaled back their offerings in anticipation of this.

Table 1: System Funding, 1992-93 to Present

Fiscal Year	System Funding (Billions)
1992-93	$2.738
1993-94	2.729
1994-95	2.757
1995-96	2.948
1996-97	3.199
1997-98	3.530
1998-99	3.889
1999-00	4.087
2000-01	4.672
2001-02	4.956
2002-03	4.907
2003-04	4.969

Source: Chancellor's Office, Fiscal Services

Student Headcount

There have been three main periods of changes in enrollment phenomenon during the last ten years. As shown in Table 2, beginning in Fall 1992, the system experienced a period of general enrollment decline through Spring 1995, directly coinciding with the flat funding patterns shown in Table 1 above for these years. After this, a long sustained period of expansion occurred: fifteen consecutive primary terms where each successive term had a higher student headcount than the previous term. Spring 2003 represented the end of the expansion, although Fall 2002 presented early signs that contraction was about to occur. The student headcount of the CCC system in Spring 2003 returned to that of the level of Fall 2001. Spring 2004 shows that the decline is still continuing, although at a lesser rate.

Table 2: Student Headcount by Primary (Fall/Spring) Terms, Fall 1992-Spring 2004

Term	Headcount	Change
Fall 1992	1,500,360	
Spring 1993	1,412,227	-5.9%
Fall 1993	1,376,560	-2.5%
Spring 1994	1,379,524	0.2%
Fall 1994	1,358,484	-1.5%
Spring 1995	1,334,549	-1.8%
Fall 1995	1,336,695	0.2%
Spring 1996	1,387,251	3.8%
Fall 1996	1,408,780	1.6%
Spring 1997	1,438,172	2.1%
Fall 1997	1,452,102	1.0%
Spring 1998	1,471,127	1.3%
Fall 1998	1,494,849	1.6%
Spring 1999	1,520,296	1.7%
Fall 1999	1,547,960	1.8%
Spring 2000	1,570,917	1.5%
Fall 2000	1,585,271	0.9%
Spring 2001	1,637,052	3.3%
Fall 2001	1,686,916	3.0%
Spring 2002	1,741,352	3.2%
Fall 2002	1,744,143	0.2%
Spring 2003	1,690,454	-3.1%
Fall 2003	1,632,902	-3.4%
Spring 2004	1,617,892	-0.9%

Source: Chancellor's Office, Management Information Services

Table 3: Annual Unduplicated Student Headcount and Full-Time Equivalent Students (FTES), 1992-93 to 2003-04

A similar pattern of enrollment phenomenon is reflected in the number of Full-Time Equivalent Students (FTES). Starting with the 1996-97 academic year, FTES showed a sustained period of growth that ended in 2003-04. Significant drops in annual unduplicated headcount and in FTES both occurred in 2003-04, although the loss of headcount was proportionately larger than the loss in FTES.

Year	Annual Unduplicated Headcount	Change	Pct	FTES	Change	Pct
1992-93	2,262,346			912,829.78		
1993-94	2,129,593	-132,753	-5.87%	900,995.01	-11,834.77	-1.30%
1994-95	2,076,349	-53,244	-2.50%	879,290.51	-21,704.50	-2.40%
1995-96	2,118,806	42,457	2.04%	826,820.61	-52,469.90	-6.00%
1996-97	2,241,631	122,825	5.80%	922,784.47	95,963.86	11.60%
1997-98	2,307,080	65,449	2.92%	960,047.94	37,263.47	4.00%
1998-99	2,437,810	130,730	5.67%	996,126.52	36,078.58	3.80%
1999-00	2,546,804	108,994	4.47%	1,036,793.12	40,666.60	4.10%
2000-01	2,649,187	102,383	4.02%	1,052,891.24	16,098.12	1.60%
2001-02	2,811,418	162,231	6.12%	1,132,574.20	79,682.96	7.60%
2002-03	2,829,995	18,577	0.66%	1,163,868.08	31,293.88	2.80%
2003-04	2,549,925	-280,070	-9.90%	1,114,291.75	-49,576.33	-4.30%

Source: Chancellor's Office, Management Information Services

Note on definitions: *"Annual unduplicated headcount" differs from term headcount in that it counts the number of students who enrolled at any time in a full year in the CCC system. It does not double count if a student enrolls at multiple institutions or in multiple terms; a student who enrolled in two institutions in Fall and in Spring is counted as one unduplicated student.*

"FTES" here is not the FTES reported to the Chancellor's Office Fiscal Services unit, it is derived FTES based upon annual MIS data submissions, and is not influenced by fiscal apportionment considerations. The two FTES calculations are not intended to match nor should they match. MIS FTES represents actual FTES enrolled, including over-cap FTES, and not just FTES claimed or funded.

Course Sections

The loss of student headcount in Spring 2003 came as a result of a reduction of available course section offerings; *this occurred before any fee increases went into effect*. Even though the system continued to accommodate as many students as possible by increasing section sizes (or implementing higher class size floors, as many institutions reported to have done), the ability to mitigate demand by increasing section size with fewer classes was an unsustainable measure. In Fall 2003 course section offerings decreased even further while section size increased. In Spring 2004, the System was able to return to the level of section offerings in Spring 2003, and to slightly reduce section size. Table 3 shows the number of course sections offered in the CCC system, the associated total number of enrollments in these sections, and the average section size for system course offerings.

Table 4: Sections Offered, Total Enrollments, and Average Section Size, Fall 1992-Spring 2004

Term	Sections Offered	Enrollments	Average Section Size
Fall 1992	140,322	3,954,125	28.18
Spring 1993	139,157	3,672,583	26.39
Fall 1993	134,425	3,677,270	27.36
Spring 1994	137,919	3,643,603	26.42
Fall 1994	134,292	3,645,158	27.14
Spring 1995	135,218	3,540,415	26.18
Fall 1995	135,234	3,600,897	26.63
Spring 1996	138,567	3,619,363	26.12
Fall 1996	141,507	3,764,473	26.60
Spring 1997	147,807	3,767,862	25.49
Fall 1997	148,446	3,914,969	26.37
Spring 1998	152,622	3,875,475	25.39
Fall 1998	151,427	3,993,565	26.37
Spring 1999	156,833	4,002,800	25.52
Fall 1999	157,015	4,184,120	26.65
Spring 2000	160,728	4,135,768	25.73
Fall 2000	160,697	4,270,776	26.58
Spring 2001	165,906	4,299,749	25.92
Fall 2001	166,735	4,564,156	27.37
Spring 2002	172,811	4,674,836	27.05
Fall 2002	170,373	4,867,043	28.57
Spring 2003	164,597	4,676,951	28.41
Fall 2003	160,573	4,684,539	29.17
Spring 2004	165,261	4,580,776	27.71

Source: Chancellor's Office, Management Information Services

Course Sections: Credit/Noncredit. Table 5 shows the history of course section offerings by credit/noncredit status. Beginning in Fall 2002, both credit sections and noncredit sections were reduced in roughly the same proportion for FY 2002-03. The number of credit sections offered began to decline in Fall 2002, and dropped sharply in Spring 2003; the reverse was true for noncredit sections, which experienced its largest drop in Fall, 2002. Course sections for both credit and noncredit status continued to drop significantly in Fall 2003 but began to rebound in Spring 2004.

Table 5: Course Sections Offered by Credit/Noncredit Status, Fall 1992-Spring 2004

Term	Credit Sections	Change	Pct.	Noncredit Sections	Change	Pct.
Fall 1992	129,737			10,585		
Spring 1993	128,205	-1,532	-1.2%	10,952	367	3.5%
Fall 1993	123,822	-4,383	-3.4%	10,603	-349	-3.2%
Spring 1994	126,767	2,945	2.4%	11,152	549	5.2%
Fall 1994	124,002	-2,765	-2.2%	10,290	-862	-7.7%
Spring 1995	124,283	281	0.2%	10,935	645	6.3%
Fall 1995	124,630	347	0.3%	10,604	-331	-3.0%
Spring 1996	127,509	2,879	2.3%	11,058	454	4.3%
Fall 1996	130,143	2,634	2.1%	11,364	306	2.8%
Spring 1997	135,977	5,834	4.5%	11,830	466	4.1%
Fall 1997	136,375	398	0.3%	12,071	241	2.0%
Spring 1998	140,051	3,676	2.7%	12,571	500	4.1%
Fall 1998	139,148	-903	-0.6%	12,279	-292	-2.3%
Spring 1999	144,117	4,969	3.6%	12,716	437	3.6%
Fall 1999	144,028	-89	-0.1%	12,987	271	2.1%
Spring 2000	147,559	3,531	2.5%	13,169	182	1.4%
Fall 2000	148,251	692	0.5%	12,446	-723	-5.5%
Spring 2001	153,021	4,770	3.2%	12,885	439	3.5%
Fall 2001	153,881	860	0.6%	12,854	-31	-0.2%
Spring 2002	158,809	4,928	3.2%	14,002	1,148	8.9%
Fall 2002	156,880	-1,929	-1.2%	13,493	-509	-3.6%
Spring 2003	151,227	-5,653	-3.6%	13,370	-123	-0.9%
Fall 2003	147,723	-3,504	-2.3%	12,850	-520	-3.9%
Spring 2004	152,211	4,488	3.0%	13,050	200	1.6%

Source: Chancellor's Office, Management Information Services

Course Sections: Transferable/Non-Transferable. Table 6 shows the history of course section offerings by transferable/non-transferable status. Non-transferable sections took a disproportionately large percentage reduction as compared to transferable sections in both Fall 2002 and Spring 2003. By Fall 2003, the percentage drop in reductions was shared equally between transferable and non-transferable sections, with increases in roughly the same proportion in Spring 2004.

Table 6: Course Sections Offered by Transferable/Non-Transferable Status, Fall 1992-Spring 2004

Term	Transferable Sections	Change	Pct.	Non-Transferable Sections	Change	Pct.
Fall 1992	93,989			46,333		
Spring 1993	92,875	-1,114	-1.2%	46,282	-51	-0.1%
Fall 1993	90,446	-2,429	-2.6%	43,979	-2,303	-5.0%
Spring 1994	92,926	2,480	2.7%	44,993	1,014	2.3%
Fall 1994	90,418	-2,508	-2.7%	43,874	-1,119	-2.5%
Spring 1995	90,242	-176	-0.2%	44,976	1,102	2.5%
Fall 1995	91,168	926	1.0%	44,066	-910	-2.0%
Spring 1996	93,471	2,303	2.5%	45,096	1,030	2.3%
Fall 1996	95,580	2,109	2.3%	45,927	831	1.8%
Spring 1997	100,351	4,771	5.0%	47,456	1,529	3.3%
Fall 1997	99,796	-555	-0.6%	48,650	1,194	2.5%
Spring 1998	102,465	2,669	2.7%	50,157	1,507	3.1%
Fall 1998	101,949	-516	-0.5%	49,478	-679	-1.4%
Spring 1999	105,613	3,664	3.6%	51,220	1,742	3.5%
Fall 1999	105,182	-431	-0.4%	51,833	613	1.2%
Spring 2000	107,948	2,766	2.6%	52,780	947	1.8%
Fall 2000	108,743	795	0.7%	51,954	-826	-1.6%
Spring 2001	112,242	3,499	3.2%	53,664	1,710	3.3%
Fall 2001	113,558	1,316	1.2%	53,177	-487	-0.9%
Spring 2002	117,260	3,702	3.3%	55,551	2,374	4.5%
Fall 2002	115,873	-1,387	-1.2%	54,500	-1,051	-1.9%
Spring 2003	112,731	-3,142	-2.7%	51,866	-2,634	-4.8%
Fall 2003	109,975	-2,756	-2.4%	50,598	-1,268	-2.4%
Spring 2004	113,162	3,187	2.9%	52,099	1,501	3.0%

Source: Chancellor's Office, Management Information Services

Course Sections: Occupational/Non-Occupational. Table 7 shows the history of course section offerings by occupational/non-occupational status. Occupational sections have historically been offered more in Spring terms than in Fall terms; note the pattern below showing lower numbers of occupational course offerings in Fall terms followed by increases in Spring terms. Non-occupational course offerings do not follow the same pattern.

As shown below, occupational course section offerings took a disproportionately large cut in FY 2002-03; the system shed over 7.5% of its occupational course offerings. That trend continued into Fall 2003, but began to rebound in Spring 2004.

Table 7: Course Sections Offered by Occupational/Non-Occupational Status, Fall 1992-Spring 2004

Term	Occ. Ed Sections	Change	Pct.	Non-Occ. Ed Sections	Change	Pct
Fall 1992	46,884			93,438		
Spring 1993	46,956	72	0.2%	92,201	-1,237	-1.3%
Fall 1993	45,166	-1,790	-3.8%	89,259	-2,942	-3.2%
Spring 1994	47,101	1,935	4.3%	90,818	1,559	1.7%
Fall 1994	44,576	-2,525	-5.4%	89,716	-1,102	-1.2%
Spring 1995	45,866	1,290	2.9%	89,352	-364	-0.4%
Fall 1995	44,867	-999	-2.2%	90,367	1,015	1.1%
Spring 1996	46,881	2,014	4.5%	91,686	1,319	1.5%
Fall 1996	46,894	13	0.0%	94,613	2,927	3.2%
Spring 1997	50,084	3,190	6.8%	97,723	3,110	3.3%
Fall 1997	49,654	-430	-0.9%	98,792	1,069	1.1%
Spring 1998	53,023	3,369	6.8%	99,599	807	0.8%
Fall 1998	51,782	-1,241	-2.3%	99,645	46	0.0%
Spring 1999	54,975	3,193	6.2%	101,858	2,213	2.2%
Fall 1999	54,033	-942	-1.7%	102,982	1,124	1.1%
Spring 2000	56,834	2,801	5.2%	103,894	912	0.9%
Fall 2000	55,422	-1,412	-2.5%	105,275	1,381	1.3%
Spring 2001	58,988	3,566	6.4%	106,918	1,643	1.6%
Fall 2001	58,385	-603	-1.0%	108,350	1,432	1.3%
Spring 2002	62,678	4,293	7.4%	110,133	1,783	1.6%
Fall 2002	59,528	-3,150	-5.0%	110,845	712	0.6%
Spring 2003	57,973	-1,555	-2.6%	106,624	-4,221	-3.8%
Fall 2003	55,768	-2,205	-3.8%	104,805	-1,819	-1.7%
Spring 2004	58,209	2,441	4.4%	107,052	2,247	2.1%

Source: Chancellor's Office, Management Information Services

Course Sections: Basic Skills/Non-Basic Skills. Table 8 shows the history of course section offerings by basic skills/non-basic skills status. Consistent with trends showing the increasing lack of preparation of new students, from Fall 1992 through Spring 2004, there was a 37.9% increase in the number of basic skills sections, while there was a 13.1% increase in the number of non-basic skills course sections during the same period. With the exception of 1998-99 and 2003-04, basic skills sections have historically been offered more in the Fall terms than in Spring terms; note the pattern below showing higher numbers of basic skills course offerings in Fall terms followed by decreases in Spring terms.

In general, basic skills course offerings seem to have suffered fewer reductions in comparison to non-basic skills course offerings in years of economic downturn.

Table 8: Course Sections Offered by Basic Skills/Non-Basic Skills Status, Fall 1992-Spring 2004

Term	Basic Skills Sections	Change	Pct.	Non-Bsc Skls Sections	Change	Pct
Fall 1992	10,748			133,032		
Spring 1993	11,046	298	2.8%	132,030	-1,002	-0.8%
Fall 1993	11,682	636	5.8%	125,958	-6,072	-4.6%
Spring 1994	11,889	207	1.8%	129,040	3,082	2.4%
Fall 1994	11,927	38	0.3%	125,318	-3,722	-2.9%
Spring 1995	11,529	-398	-3.3%	127,011	1,693	1.4%
Fall 1995	11,873	344	3.0%	126,451	-560	-0.4%
Spring 1996	11,915	42	0.4%	130,310	3,859	3.1%
Fall 1996	12,513	598	5.0%	131,960	1,650	1.3%
Spring 1997	12,790	277	2.2%	139,264	7,304	5.5%
Fall 1997	13,054	264	2.1%	139,678	414	0.3%
Spring 1998	12,788	-266	-2.0%	143,926	4,248	3.0%
Fall 1998	12,889	101	0.8%	142,564	-1,362	-0.9%
Spring 1999	13,196	307	2.4%	148,043	5,479	3.8%
Fall 1999	14,078	882	6.7%	147,874	-169	-0.1%
Spring 2000	13,717	-361	-2.6%	151,708	3,834	2.6%
Fall 2000	14,379	662	4.8%	150,897	-811	-0.5%
Spring 2001	14,090	-289	-2.0%	156,968	6,071	4.0%
Fall 2001	14,536	446	3.2%	157,276	308	0.2%
Spring 2002	14,259	-277	-1.9%	163,128	5,852	3.7%
Fall 2002	15,616	1,357	9.5%	160,262	-2,866	-1.8%
Spring 2003	14,561	-1,055	-6.8%	154,825	-5,437	-3.4%
Fall 2003	14,632	71	0.5%	145,941	-8,884	-5.7%
Spring 2004	14,831	199	1.4%	150,438	4,497	3.1%

Source: Chancellor's Office, Management Information Services

Full-Time Equivalent Student (FTES): Gains and Reductions in Curricular Areas. Tables 9 and 10 show the top fifteen curricular areas (as defined by TOP Code) where gains and losses occurred between the 2001-02 and the 2003-04 academic years.

Table 9: Top Fifteen Curricular Areas (of at least 1,000 FTES) where FTES was Lost, 2001-02 and 2003-04

Subject Area	01-02 FTES	03-04 FTES	FTES Loss
Physical Education	87,693	71,280	-16,413
Computer & Information Science, General	35,160	24,413	-10,747
Secretary/Administrative Assistant	20,777	16,563	-4,215
Administration of Justice	24,108	20,249	-3,860
Computer Programming	9,293	5,783	-3,510
Electronics & Electric Technology	7,304	4,658	-2,646
General Studies	122,411	120,188	-2,223
Data Processing - Operations	6,270	4,173	-2,097
English	79,528	78,397	-1,131
Aeronautical & Aviation Technology	2,976	1,915	-1,061
Other Computer & Information Science	4,816	3,842	-974
Spanish	19,705	19,092	-614
Computer Systems Analysis	1,394	821	-574
Lifespan (Child Dev, Family St., Geron.)	24,628	24,158	-470
Business Management	7,012	6,571	-441

Source: Chancellor's Office, Management Information Services

The curricular area that showed the greatest decrease in FTES was Physical Education; much of this was from concurrently enrolled K-12 students (shown in Table 11 below). There was a significant drop in computer-related technology program FTES (CIS, programming, electronics, data processing) primarily due to a market-driven lack of demand for such programs after the dot-com boom came to an end.

Table 10: Top Fifteen Curricular Areas (of at least 1,000 FTES) where FTES was Gained, 2001-02 and 2003/04

Subject Area	01-02 FTES	03-04 FTES	FTES Gain
Natural (Life) Science, General	36,604	41,897	5,293
Nursing, R.N.	21,159	24,580	3,421
Chemistry, General	20,826	24,167	3,341
Real Estate	3,756	5,900	2,144
Industrial/Manufacturing Technology	6,791	8,761	1,970
Physiology (Includes Anatomy)	5,384	7,164	1,780
Nutrition and Food	8,216	9,389	1,173
Automotive Technology	11,106	12,200	1,094
Political Science	15,743	16,805	1,062
Anthropology	14,934	15,968	1,035
Psychology, General	30,567	31,462	895
Sociology	14,701	15,583	882
Accounting	15,510	16,324	814
Cosmetology	9,723	10,432	709
Speech, Debate & Forensic Science	21,546	22,200	654

Source: Chancellor's Office, Management Information Services

It should be noted that even during times of budgetary reductions, the CCC system continued to expand its offerings for Nursing, a key occupational priority area for the State, and one that is very expensive to offer. Ancillary subjects related and necessary to nursing programs (life science, chemistry, anatomy and physiology) also were increased during this time period, showing the system's response to California's critical shortage of nurses and healthcare workers.

FTES and Headcount: Special Admit (K-12) Students in Physical Education Courses. Table 11 shows the decline in the number of and FTES generated by special admit (K-12) students taking physical education courses in the CCC system. This activity dropped 84.1% in FTES between the 2001-02 and 2003-04 academic years.

Table 11: Special Admit (K-12) Students in Physical Education Courses: Headcount and FTES, 1992-93 through 2003-04

Year	Summer		Fall		Winter		Spring		Annual Total	
	Students	FTES	Students	FTES	Students	FTES	Students	FTES	Students	FTES
03-04	13,347	1,284	8,232	963	418	44	7,494	825	26,357	3,116
02-03	71,927	10,125	22,844	2,848	604	67	14,029	1,699	97,782	14,739
01-02	77,719	10,838	34,974	4,293	663	77	36,353	4,384	123,108	19,592
00-01	58,188	7,225	26,954	3,598	3,050	330	34,919	4,201	99,002	15,354
99-00	41,841	5,234	19,497	2,435	223	23	24,564	2,936	70,094	10,628
98-99	39,315	4,477	12,966	1,650	243	21	21,011	2,593	62,406	8,740
97-98	32,469	3,381	9,823	1,226	262	27	17,380	2,215	51,062	6,850
96-97	16,238	1,528	7,013	825	198	16	14,009	1,660	32,809	4,029
95-96	14,600	1,390	4,078	431	187	14	7,828	830	24,287	2,666
94-95	15,089	1,509	4,996	579	241	20	6,627	715	24,264	2,823
93-94	13,507	1,288	4,602	571	285	24	6,798	747	22,577	2,630
92-93	8,032	815	5,106	591	149	9	6,720	717	17,617	2,132

Source: Chancellor's Office, Management Information Services

Student Demographics

In examining the loss of students from Spring 2003 through Spring 2004, it is important to examine changes in student demographics that might have occurred as a result of the supply constriction and fee increase. In doing this, we will compare population distributions before these factors took effect (beginning in Fall 2001) and those after the budget constriction and fee increase to see if demographic elements of the CCC populations changed as a result.

Total Student Populations: Distribution by Gender. Table 12 shows less than a 1% difference in the distribution of student gender in the total CCC student population.

Table 12: Distribution of Students by Gender, Fall 2001-Spring 2004

Gender	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004
Female	55.6%	54.9%	55.7%	55.8%	56.2%	55.7%
Male	43.6%	44.1%	43.2%	43.1%	42.5%	43.1%
Unknown	0.9%	1.0%	1.0%	1.1%	1.3%	1.2%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by Ethnicity. Table 13 shows less than 1% differences in the distribution of student ethnicity in the total CCC student population over the period of Spring 2003 to Spring 2004. Since Fall 2001, however, the percentage of students who are white has dropped 2%. The table shows a gain in the percentage of underrepresented populations (Asian/Hispanic/Black/Native American) between Fall 2002 and Spring 2004.

Table 13: Distribution of Students by Ethnicity, Fall 2001-Spring 2004

Ethnicity	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004
Asian/Filipino/Pacific Islander	15.9%	15.7%	16.0%	15.9%	16.4%	16.1%
Hispanic	27.0%	26.8%	27.1%	27.0%	27.7%	27.8%
Black/African American	7.0%	7.0%	7.2%	7.1%	7.2%	7.2%
Native American	0.9%	1.0%	0.9%	0.9%	0.9%	0.9%
Other Non-White	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
White	40.4%	40.5%	39.7%	39.9%	38.4%	38.4%
Unknown/Decline to State	6.9%	7.1%	7.2%	7.3%	7.5%	7.6%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by Age. Table 14 shows a significant decline in the distribution of students less than 17 years of age offset by an increase in the percentage of students age 20-24. Most other age groups show less than 1% differences in the distribution of student age in the total CCC student population. The drop in students age 17 or less can be attributed to a drop in the number of special admit (K-12) students in Spring 2003.

Table 14: Distribution of Students by Age, Fall 2001-Spring 2004

Age	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004
0-17	6.0%	5.7%	5.4%	4.1%	3.9%	3.5%
18-19	17.0%	15.2%	17.2%	15.9%	18.6%	17.0%
20-24	24.9%	25.4%	25.9%	27.1%	27.4%	28.3%
25-29	11.9%	12.2%	12.0%	12.4%	12.1%	12.4%
30-34	9.0%	9.3%	9.0%	9.1%	8.5%	8.7%
35-39	7.4%	7.6%	7.1%	7.2%	6.7%	6.8%
40-49	11.5%	12.0%	11.3%	11.7%	10.9%	11.2%
50+	11.8%	12.2%	11.8%	12.3%	11.6%	11.8%
Unknown/Decline to State	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by Educational Goal. Table 15 shows a significant increase since Fall 2001 in the distribution of students with a goal of "degree/certificate/transfer-seeking", as stated by students on their application for enrollment. This increase was offset by a decrease in the distribution of students with "all other" goals (discover/formulate career interests, acquire/update job skills, maintain licensure, intellectual development, improve basic skills, and complete high school GED.)

Table 15: Distribution of Students by Educational Goal, Fall 2001-Spring 2004

Goal	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004
Degree/Certificate/Transfer-Seeking	39.4%	38.1%	41.0%	40.4%	42.7%	42.5%
Undecided	16.2%	16.6%	16.6%	16.2%	15.8%	15.5%
Unknown	13.3%	12.9%	11.8%	11.8%	11.8%	10.9%
All Other	31.1%	32.4%	30.7%	31.5%	29.8%	31.1%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by First-Census Credit Load. Table 16 shows a slight decline in the distribution of students who were part-time and a slight increase in students who were full-time. Credit loads were measured as of first-census date.

Table 16: Distribution of Students by First Census Credit Load, Fall 2001-Spring 2004

First Census Credit Load	Fall 2001	Spring 2002	Fall 2002	Spring 2003	Fall 2003	Spring 2004
Part-Time (<12 Semester Units)	72.8%	74.6%	72.6%	73.8%	71.5%	72.7%
Full-Time (=> 12 Semester Units)	27.2%	25.4%	27.4%	26.2%	28.5%	27.3%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by Enrollment Status. Table 17 shows the distribution of student populations in the CCC system by enrollment status. There are some very significant deviations worth noting here.

Of greatest deviation is the decline in the distribution of special admit (K-12) students in the system.

There was a loss of enrollment from the 2002-03 to the 2003-04 academic years in all categories of students, but *the most significant losses occurred in first-time and returning students (returning students are those who have enrolled previously, stopped out at some point, and returned to the system).* The smallest losses were taken in the number of continuing students.

This loss of first-time and returning students represents a true loss of access to a group of students who could not enter our system. *Not only could the CCC system not accommodate 180,550 of these new and returning students, the system also did not keep up with the expected growth that would have normally occurred.*

Table 17: Unduplicated Student Headcount by Enrollment Status, 2002-03 to 2003-04

Enrollment Status	02-03	03-04	Change: 02-03 to 03-04	Pct.
First-Time	961,499	830,579	-130,920	-13.6%
Returning	489,670	440,040	-49,630	-10.1%
Continuing	1,068,736	1,040,503	-28,233	-2.6%
Special Admit	154,209	118,745	-35,464	-23.0%
Unknown	155,881	118,297	-37,584	-24.1%
Total	2,829,995	2,548,164	-281,831	-10.0%

Source: Chancellor's Office, Management Information Services

Access Lost: First-Time and Returning Students. Table 18 shows the historical headcount of first-time and returning students. *The largest drop in these groups in the past ten years occurred in 2003-04*, as compared to prior years.

Table 18: Total Headcount of First-Time and Returning Students, 1992-93 to 2003-04

Year	Headcount	Headcount Loss-Year to Year	Percentage
92-93	1,222,585		
93-94	1,160,046	-62,539	-5.1%
94-95	1,112,553	-47,493	-4.1%
95-96	1,178,884	66,331	6.0%
96-97	1,250,560	71,676	6.1%
97-98	1,239,913	-10,647	-0.9%
98-99	1,314,947	75,034	6.1%
99-00	1,296,325	-18,622	-1.4%
00-01	1,360,980	64,655	5.0%
01-02	1,459,803	98,823	7.3%
02-03	1,451,169	-8,634	-0.6%
03-04	1,270,619	-180,550	-12.4%

Source: Chancellor's Office, Management Information Services

It is important at this point to focus more narrowly on the demographics of the student population of just first-time and returning students, as compared with first-time and returning cohorts of the most prior unaffected year. With this, we are addressing the student populations that are *trying to gain access to the system* and how those who gained access during periods of supply constriction and fee increases might somehow be different than prior cohorts who did not feel these effects. The following tables show where these affected cohorts (2003-04) are similar and dissimilar to the most previous unaffected cohort (2002-03).

First-Time and Returning Student Populations: Distribution by Gender. Table 19 shows very little difference in the distribution of student gender in the CCC first-time and returning student population.

Table 19: Distribution of First-Time and Returning Students by Gender, 2002-03 and 2003-04

Gender	02-03	03-04
Female	53.2%	53.2%
Male	45.5%	45.4%
Unknown/Decline to State	1.3%	1.4%

Source: Chancellor's Office, Management Information Services

First-Time, Returning, and Continuing Student Populations: Distribution by Ethnicity. Table 20 shows some changes in the ethnicity of first-time and returning student populations in 2003-04 as compared to 2002-03. Mirroring the trend in the entire student population (Table 13), there is a decline of white students offset by small increases in underrepresented students.

Table 20: Distribution of First-Time and Returning Students by Ethnicity, 2002-03 and 2003-04

Ethnicity	02-03	03-04
Asian/Filipino/Pacific Islander	15.7%	16.0%
Black/African American	8.0%	8.2%
Hispanic	26.1%	26.8%
Native American	0.9%	0.9%
Other Non-White	1.9%	2.0%
White	39.3%	37.6%
Unknown/Decline to State	8.1%	8.5%

Source: Chancellor's Office, Management Information Services

First-Time and Returning Student Populations: Distribution by Age. Table 21 shows a *significant decrease in the proportion of older (age 25 or greater) first-time and returning students*; it is likely that *this segment of the population suffered a disproportionate impact due to the supply constriction and/or fee increase.*

Table 21: Distribution of First-Time and Returning Students by Age (minimum age 18), 2002-03 and 2003-04

Age Group	02-03	03-04
18-24	43.0%	45.6%
>=25	57.0%	54.4%

Source: Chancellor's Office, Management Information Services

Total Student Populations: Distribution by Ethnicity and Participation Rate. Table 22 shows the distribution of student populations in the CCC system by participation rate for Fall 2002 and Fall 2003. Participation rates can indicate whether changes in CCC system enrollment mirror the demographic changes in the population of the state as a whole or whether other factors may be influencing the enrollment of specific groups either positively or negatively. Participation rates are calculated by dividing the total number of students in the CCC system by the total number of residents in the state of California between the ages of 18-65. The percentages given below represent the number of community college students per thousand in the state. There are some significant deviations worth noting here also.

The first thing worth noting about Table 22 is that *the participation rate for all ethnicities dropped between Fall 2002 and Fall 2003.*

The largest decline in participation rate for any ethnicity was for Native Americans. The ethnic group showing the second greatest loss were white students. Asians showed the least amount of effect in participation rate.

Table 22: Participation Rates per 1,000 Residents:
Changes in Participation Rate by Ethnicity, Fall 2002-Fall 2003

Ethnicity	Fall 02 Partic. Rate/ 1000	Fall 03 Partic. Rate/ 1000	Pct. Diff: Fall 02 to Fall 03
Asian	79.9	76.5	-4.2%
Black/Afr. Am.	85.6	77.6	-9.3%
Hispanic	65.9	60.4	-8.4%
Native Amer.	99.6	83.5	-16.2%
Pac. Islander	140.6	129.6	-7.7%
White	66.8	60.0	-10.1%

Source: Chancellor's Office MIS and Dep't of Finance

Total Student Populations: Distribution by Age and Participation Rate. As with the first time and returning students, Table 23 shows a significant decrease in the proportion of high-school-aged or younger students. *Again, the participation rate for all age groups was down.* The 18-19 year age group has a higher participation rate than any of the others, with roughly three out of every ten 18-19 year olds attending a community college. As expected, the number declines as age increases. There was only marginal effect on participation rates for the 18-19 and 20-29 age groups. From age 30 and beyond, however, rates declined significantly for every age group. It is likely that this segment of the population suffered a disproportionate impact due to the supply constriction and/or fee increase.

Table 23: Participation Rates per 1,000 Residents:
Changes in Participation Rate by Age Group, Fall 2002-Fall 2003

Age Group	Fall 02 Partic. Rate/ 1000	Fall 03 Partic. Rate/ 1000	Pct. Diff: Fall 02 to Fall 03
0 to 17	10.3	7.3	-29.7%
18 to 19	299.6	298.3	-0.4%
20 to 24	181.7	176.0	-3.2%
25 to 29	84.1	79.6	-5.4%
30 to 34	56.4	50.4	-10.8%
35 to 39	44.6	38.9	-12.6%
40 to 49	37.3	32.6	-12.8%
50 plus	22.9	20.3	-11.6%

Source: Chancellor's Office MIS and Dep't of Finance

Total Student Populations: Distribution by Age, Gender and Ethnicity Showing Largest Losses in Participation Rates. Table 24 shows the largest losses in participation rate by combinations of age, gender and ethnicity. The most significant losses occurred in older age groups, mostly among males. Again, Native Americans showed significant losses in participation rate, as well as Pacific Islanders and Whites. Although Native Americans and Pacific Islanders showed significant losses in their rates, they are a relatively small proportion of both the student and general populations.

Table 24: Participation Rates per 1,000 Residents: Largest Losses by Age Group/Gender/Ethnicity Fall 2002 – Fall 2003

Age Group	Gender	Ethnicity	Fall 02 Partic. Rate/1000	Fall 03 Partic. Rate/1000	Pct. Diff.
35-39	M	Native Amer.	57.5	45.3	-21.2%
30-34	M	Pac. Islander	84.3	66.7	-20.9%
40-49	M	Native Amer.	46.3	36.9	-20.3%
50 plus	M	Native Amer.	24.0	19.4	-19.2%
35-39	F	Native Amer.	74.1	60.5	-18.4%
25-29	M	Native Amer.	116.2	95.4	-17.9%
40-49	M	White	25.2	20.9	-17.4%
30-34	M	Native Amer.	78.6	65.1	-17.2%
35-39	M	White	32.2	26.7	-16.9%
30-34	F	Native Amer.	94.3	79.0	-16.2%
40-49	M	Hispanic	21.1	17.7	-15.9%
50 plus	F	Native Amer.	33.3	28.0	-15.8%
40-49	M	Pac. Islander	44.0	37.1	-15.7%
35-39	M	Hispanic	26.9	22.7	-15.6%
20-24	M	Native Amer.	182.5	154.7	-15.2%

Source: Chancellor's Office MIS; Department of Finance Census Projections

Total Student Populations: Distribution by Age, Gender and Ethnicity Showing Losses in Participation Rates, with Ethnicity Greater than 5% of the Total Population. Table 25 shows the largest losses in participation rate by combinations of age, gender and ethnicity, with ethnic groups that are greater than 5% of the total population (large ethnic groups). The groups that showed the largest losses were white males from aged 35-50 and Hispanic males aged 35-50. The third largest loss was among black males aged 35-50. The largest losses were amongst older males.

Table 25: Participation Rates per 1,000 Residents: Largest Losses by Age Group/Gender/Ethnicity Fall 2002-Fall, 2003 (Ethnicity >5% of Total Population)

Age Group	Gender	Ethnicity	Fall 02 Partic. Rate/1000	Fall 03 Partic. Rate/1000	Pct. Diff.
40-49	M	White	25.2	20.9	-17.4%
35-39	M	White	32.2	26.7	-16.9%
40-49	M	Hispanic	21.1	17.7	-15.9%
35-39	M	Hispanic	26.9	22.7	-15.6%
35-39	M	Black/Afr. Am.	41.7	35.4	-15.2%
50 plus	M	White	15.0	12.7	-15.1%
40-49	M	Black/Afr. Am.	34.2	29.1	-15.0%
30-34	M	Hispanic	34.8	29.8	-14.4%
30-34	M	Black/Afr. Am.	55.3	47.4	-14.3%
30-34	M	White	43.7	37.6	-14.0%
50 plus	M	Black/Afr. Am.	15.9	13.7	-13.7%
40-49	F	White	41.7	36.2	-13.2%
50 plus	F	Black/Afr. Am.	24.2	21.1	-12.9%
50 plus	F	White	25.6	22.5	-12.2%
35-39	F	White	45.9	40.4	-12.1%

Source: Chancellor's Office MIS; Department of Finance Census Projections

Total Student Populations: Distribution by Age, Gender and Ethnicity Showing Largest Gains in Participation Rates. Table 26 shows the largest gains in participation rate by combinations of age, gender and ethnicity. Five of the top six groups showing the largest gains were Asian. Almost all were younger with more females than males. 18-19 year old Hispanic males and females, however, did not show significant losses in participation; these groups fared well in comparison to other groups during the supply constriction/fee increase period covered by this report.

Table 26: Participation Rates per 1,000 Residents: Largest Gains by Age Group/Gender/Ethnicity, Fall 2002-Fall, 2003

Age Group	Gender	Ethnicity	Fall 02 Partic. Rate/1000	Fall 03 Partic. Rate/1000	Pct. Diff.
18-19	M	Asian	409.8	428.6	4.6%
20-24	F	Asian	279.1	290.4	4.0%
25-29	F	Asian	126.9	131.7	3.8%
18-19	F	Asian	420.8	436.7	3.8%
18-19	M	Hispanic	190.9	195.8	2.6%
20-24	M	Asian	264.8	270.1	2.0%
18-19	F	Hispanic	261.0	260.6	-0.2%
20-24	F	Pac. Islander	349.3	345.2	-1.2%
30-34	F	Asian	83.5	82.3	-1.4%
20-24	M	Pac. Islander	323.4	318.8	-1.4%
18-19	F	Black/Afr. Am.	291.4	286.5	-1.7%
25-29	M	Asian	105.2	103.1	-2.0%
25-29	F	Pac. Islander	144.7	141.4	-2.3%
18-19	M	White	286.7	280.1	-2.3%
20-24	F	Hispanic	155.2	151.0	-2.7%

Source: Chancellor's Office MIS; Department of Finance Census Projections

Correlations of Impacts by Income Levels of Student Zip Codes. In an attempt to determine if there were impacts upon geographical areas of lower household income versus those of higher income, a random sample of 220 student zip codes was taken from CCC system data and correlated with census data on median household income by zip code. Essentially, we looked at the number of CCC enrollees in a particular zip code both before and after the fee increases/supply constriction to see if lower income zip codes lost a disproportionately larger percentage of students than those zip codes where household income was higher.

Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Fall 2001 – Fall 2003. In this analysis, Fall 2001 was chosen because it represented a time where any supply/demand issues had occurred; Fall 2003 represents the first term of the $11/unit to $18/unit fee increase.

Chart 1 shows a "shotgun blast" image signifying that there is little correlation between drops in headcount enrollment and income level of students and/or parents in that timeframe. As you move along the lower axis (median household income) from left to right (lower to higher household income in a zip code), there are equal numbers of zip codes that gained and lost headcount between Fall 2001 and Fall 2003. This is true even for the lower income zip codes in the analysis; some lost headcount, others gained.

Chart 1: Correlation of Gain/Loss in Student Headcount by Zip Code by Median Household Income of Zip Code, Fall 2001 – Fall 2003

Correlation: +0.04 (basically no correlation at all).

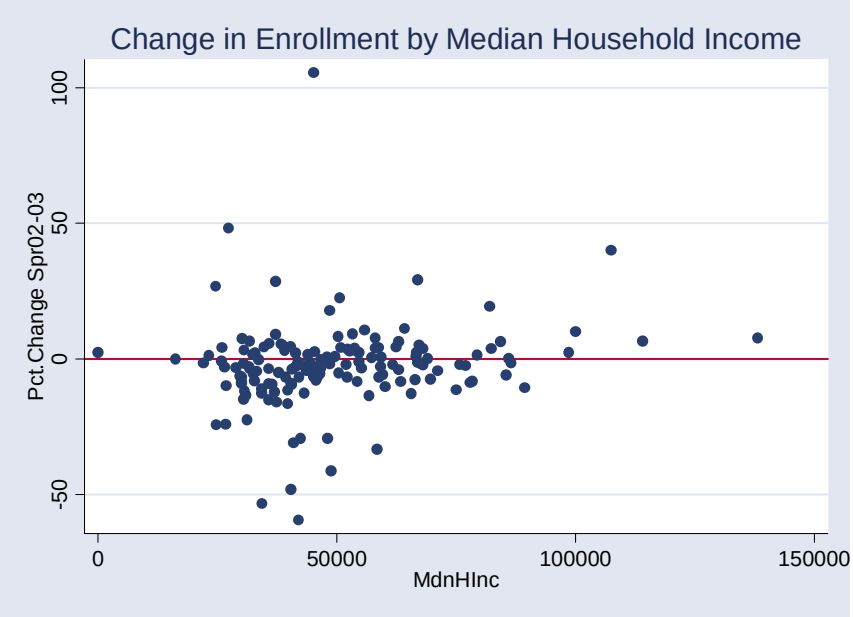
Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Fall 2002 – Fall 2003. In this analysis, we chose Fall 2002 because it represented the peak term of headcount enrollment; Fall 2003 once again represented the term where the first fee increase was imposed and the supply constriction was already in place. Once again, Chart 2 shows a "shotgun blast" image signifying that there is little correlation between drops in headcount enrollment and income level by zip code for the Fall 2002 – Fall 2003 timeframe.

Chart 2: Correlation of Gain/Loss in Student Headcount by Zip Code by Median Household Income of Zip Code, Fall 2002 – Fall 2003

Correlation: -0.02 (basically no correlation at all).

Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Spring 2002 – 2003. In this analysis, Spring 2002 marked the onset of the supply constriction and the highest Spring enrollment *before* the onset of the fee increase. *It was the only term in which supply was reduced without a fee increase, thus somewhat isolating the effect of supply constriction.* Spring 2003 was the term immediately prior to the fee increase. Chart 3 shows that in this time frame the sample did in fact show a modest correlation between enrollment changes and income by zip code.

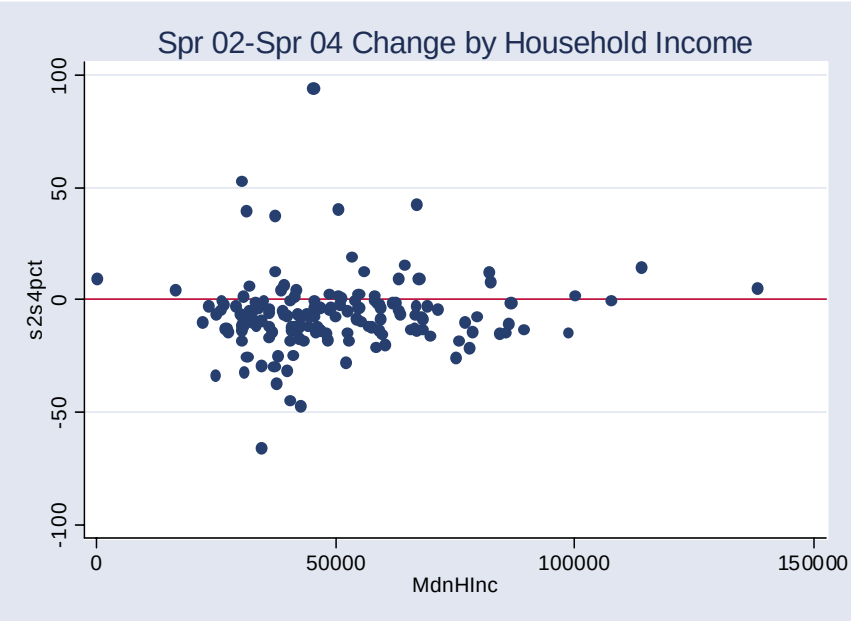
Chart 3: Correlation of Gain/Loss in Student Headcount by Zip Code by Median Household Income of Zip Code, Spring 2002 – Spring 2003



Correlation: +0.20 (modest correlation).

Correlation of Impacts of Fee Increase and/or Supply Constriction on Income by Zip Code, Spring 2002 – 2004. Chart 4 shows the correlation between Spring 2002, the highest Spring enrollment before the onset of the fee increase and Spring 2004, the second term after a fee increase. For this time frame, the sample showed no correlation between enrollment changes and income by zip code.

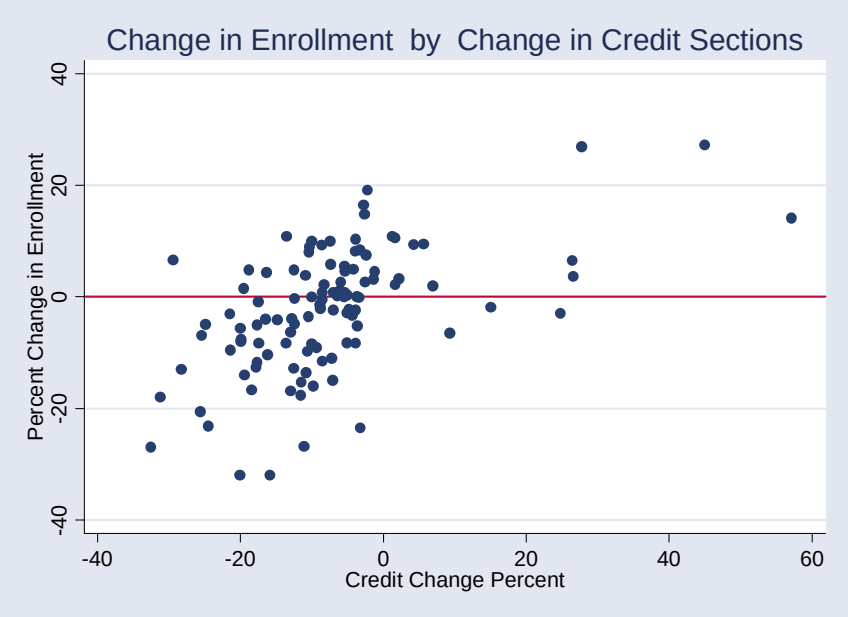
Chart 4: Correlation of Gain/Loss in Student Headcount by Zip Code by Median Household Income of Zip Code, Spring 2002 – Spring 2004



Correlation: +0.07 (basically no correlation at all).

Correlation of Impacts: Course Section Offerings vs. Headcount, Fall 2001 – Fall 2003. Given that the only time frame showing some correlation was related to the supply constriction and not the fee increase, it seems worthwhile to correlate the increase and decrease of course section offerings at the college against the increase or decrease in headcount enrollment. Chart 5 shows the result. Not surprisingly, the headcount and the number of course sections show a strong correlation, meaning that *when the number of course sections is reduced, headcount is reduced.* When course sections are increased, headcount will increase.

Chart 5: Correlation of Course Section Offerings by College vs. Percentage of Headcount Change by College, Fall 2001 – Fall 2003



Correlation: +0.57 (strong correlation).

EFFECTS OF STUDENT FINANCIAL ASSISTANCE PROGRAMS

With the passage of the 2003-04 Budget Act, the California Community Colleges financial aid offices were granted funding and a mandate to help mitigate the negative effect of the fee increase and to generally improve the delivery of financial aid. Specific objectives included:

- Increase awareness and participation in student financial aid programs through direct contact with students, potential students and their families.
- Increase low-income and disadvantaged student participation in postsecondary education through access to financial aid information, application assistance and funding.
- Assist students, prospective students and their families to overcome financial barriers in accessing postsecondary education.

Challenges Overcome in Successful Implementation

The community colleges system overcame several significant challenges in trying to rapidly "ramp up" services. The following were the most common obstacles faced by local financial aid offices:

- **Timing:** This large infusion of administrative funding was unexpected and provided virtually no opportunity for planning. The redirection of funds emerged late in the process of negotiating a state budget that was not enacted until August. In addition, the fee increase necessitated repackaging fall financial aid awards, placing competing demands on financial aid administrators that taxed them beyond their existing administrative capacity.

- **Local Administrative process constraints exacerbated by the existing budgetary situation:** Hiring freezes coupled with regular administrative and Board approval processes, Personnel Commission requirements and union positions all posed significant challenges to the implementation timeline. Colleges universally expressed concerns about limited success in the requisition and approval for the recruitment, hiring and training of qualified staff. At many colleges, the only hires permitted were temporary or student workers.

- **Fear that funds were temporary:** The state's ongoing fiscal crisis and experience from 2002-03 fed local district concerns about the potential for mid-year categorical funding cuts in 2003-04 and a lack of confidence in continued funding for the Board Financial Assistance Program - Student Financial Aid Administration (BFAP-SFAA) augmentation into 2004-05 and beyond. This made many campus administrations reluctant to hire permanent staff.

- **Campus fiscal constraints:** Because the BFAP-SFAA augmentation represented the only source of new funds in the general context of major budget cuts, campus resources to encourage and support successful implementation were nonexistent.

Some colleges reported difficulty locating adequate space or having adequate fiscal resources for capital outlays necessary to accommodate newly hired staff.

- **Enrollment management challenges:** While the BFAP-SFAA augmentation was intended to increase the enrollment of low-income students, most colleges were being forced to cut course sections and shed unfunded enrollments due to budget cuts. Budget cuts also limited the availability of other student support services. The problems frustrating access are broader than a fee increase alone.

- **Lack of outreach infrastructure:** Community college financial aid offices have historically focused on functions related to the processing and administration of the student financial aid programs and were challenged to develop outreach activities at the same time they were charged with processing the increased volume of applications. Outreach activities by other campus entities have been limited in recent years due to inadequate budgets to support enrollment demand.

Established Benchmark Performance Indicators

In order to implement the 2003-04 Budget Act language, the Chancellor's Office identified several primary performance indicators to monitor, measure and report on system and college performance relative to the augmentation of the BFAP-SFAA. The benchmark performance indicators that were selected for evaluating the statewide results of this funding augmentation include:

Pell Grants

1. The number of annual unduplicated headcount credit enrollment receiving a Federal Pell Grant.

2. The percent of annual unduplicated headcount credit enrollment receiving a Federal Pell Grant.

3. The dollar value of annual award payments in the Federal Pell Grant program.

The Federal Pell Grant provides the largest amount of student aid dollars in the Community Colleges. Students may receive this assistance for attendance in any number of units (including less-than-half-time enrollment, although those benefits are quite limited). We selected unduplicated headcount because that is how our Pell Grant recipients are counted. Students must be enrolled in an eligible program leading toward a degree, certificate or transfer in order to receive this assistance.

Board of Governors Enrollment Fee Waivers

1. The number of unduplicated headcount credit enrollment receiving a Board of Governors Enrollment Fee Waiver.

2. The percent of unduplicated headcount credit enrollment receiving a Board of Governors Enrollment Fee Waiver.

3. The dollar value of annual award payments in the BOG Fee Waiver program.

The Board of Governors Enrollment Fee Waiver Program is the state-funded program designed to ensure access by waiving the enrollment fee for students who are financially needy. We selected unduplicated credit enrollment headcount because students must be enrolled in credit coursework in order to qualify for a fee waiver.

In addition to the statewide benchmark performance indicators, we encouraged colleges to establish local performance goals and objectives that would support the statewide performance measures. We also allowed them to target the augmentation resources to specific populations identified, in a local context, to be in need of increased service and participation.

System Performance Milestones

Current aggregate system results as reported by all colleges through their annual Management Information Systems (MIS) data submissions reflect the following conclusions:

- A **decline of 237,138 (-8.8%) of unduplicated credit enrollments** from base year 2002-03 to the most recently reported year 2003-04.

- Despite the significant reduction in eligible students resulting from the credit enrollment decline, a **net increase of 6,117 (+1.1%) in unduplicated Pell Grant awards** from base year 2002-03 to the most recently reported year 2003-04.

- Despite the significant reduction in eligible students resulting from the credit enrollment decline, a **net increase of 40,726 (+3.8%) in unduplicated BOG Fee Waivers** from base year 2002-03 to the most recently reported year 2003-04.

- As a result of three primary contributing factors, including the increase in community college fees, the increase in BOG Fee waiver participation and an increase in the average credit course load, aggregate results for the system reflect a **net increase of $64,118,848 (+62.4%) in the dollar value of BOG Fee Waivers** from base year 2002-03 to the most recently reported year 2003-04.

- As a result of three primary contributing factors, including the increase in community college fees resulting in the negation of the Tuition Sensitivity factor, the increase in Pell Grant recipients and an increase in average credit course load, aggregate results for the system reflect a net **increase of $30,024,393 (+5.3%) in the dollar value of Federal Pell Grant award payments** from base year 2002-03 to the most recently reported year 2003-04.

- As a result of three primary contributing factors including the increase in community college fees, the increase in participation, and increase in the credit course load of participating students, the aggregate results for the system in all Student Financial Assistance Programs (SFAP) reflects a net **increase of $117,196,971 (+13.1%) in the dollar value of all SFAP award payments** from base year 2002-03 to the most recently reported year 2003-04.

- For the first time in the history of the California Community Colleges system **aggregate award payments for all student financial assistance programs in the 2003-04 year exceeded the $1 Billion threshold**.

Table 27: California Community Colleges – Comparison of Selected Performance Indicators - 2002-03 and 2003-04

Year	Credit Enrollment	# of BOG Fee Waivers	# of PELL Grants	Enrollment (+/-) %	BOGFW as a % of Enroll	PELL as a % of Enroll
2002-03	2,684,551	595,156	239,636	Not applicable	22.2%	8.9%
2003-04	2,447,373	635,882	2,425,753	Not applicable	26.0%	10.0%
Annual +/-	-237,178	+40,726	+6,117	-8.8%	+3.8%	+1.1%

Table 28: California Community Colleges – Comparison on Selected Performance Indicators - 2002-03 and 2003-04

Year	Credit Enrollment	# of BOG Fee Waivers	# of PELL Grants	$ value of BOG Fee Waivers	$ value of Pell Awards	$ value of All Aid Programs
2002-03	2,684,551	595,156	239,636	$102,726,455	$533,720,693	$895,275,669
2003-04	2,447,373	635,882	2,425,753	$166,845,303	$563,745,086	$1,012,472,640
Annual +/-	-237,178	+40,726	+6,117	+$64,118,848	+$30,024,393	$117,196,971
+/- Percent	-8.8%	+3.8%	+1.1%	+62.4%	+5.6%	+13.1%

College Performance Milestones

College results as reported by California Community Colleges through their annual Management Information Systems (MIS) data submissions which include both enrollment and financial aid data elements, and summarized for 2002-03 and 2003-04 Table 29 below, reflect the following conclusions:

- Of the 108 community colleges in our system at the time, **103 (95%) reported a decline in credit enrollment** from base year 2002-03 to the most recently reported year 2003-04.

- Despite the significant number of community colleges experiencing credit enrollment declines, **73 of the 108 community colleges (68%) reported growth in the number of Pell Grant Awards**.

- For all colleges reporting growth, the number of Pell Grant Award recipients increased by an average of 8.3%

- Despite the significant number of community colleges experiencing credit enrollment declines, **101 of the 108 community colleges (94%) reported growth in the percentage of credit enrollment served with Pell Grant Awards.**

- Despite the significant number of community colleges experiencing credit enrollment declines, **84 of the 108 community colleges (78%) reported growth in the number of BOG Fee Waiver recipients**.

- For colleges reporting growth, the number of BOG Fee Waiver recipients increased by an average of 11.2%

- Despite the significant number of colleges experiencing credit enrollment declines, **103 of the 108 community colleges (95%) reported growth in the percentage of credit enrollment served with BOG Fee Waivers.**

Table 29: California Community Colleges – Summary of Colleges on Performance Indicators for 2003-04

2002-03 to 2003-04	Credit Enrollment	# of BOG Fee Waivers	# of PELL Grants	BOGFW as a % of Enroll	PELL as a % of Enroll	Subset Change BOGFW	Subset Change Pell
# of colleges (+)	5	84	73	103	101	+51,933	+11,773
% of colleges (+)	4.63%	77.77%	67.59%	95.37%	93.52%	+11.24%	+8.27%
# of colleges (-)	103	24	35	5	7	-11,207	-5,656
% of colleges (-)	95.37%	22.23%	32.41%	4.63%	6.48%	-5.81%	-8.43%
Net all Colleges	108[1]					+40,726	+6,117

[1/]108 colleges does not include Folsom Lake College which became the 109th in November 2003 but reported for the 2003-04 year under Cosumnes River College

Comparative Funding Per Student for Financial Aid Administration

The financial aid support funds designated in the 2003-04 Budget Act, of which $34.2 million was earmarked to enhance financial aid service and capacity at community colleges, represented a significant investment in improving financial aid administrative resources. However, when viewed in the overall context of the public higher education segments in California the average financial aid administrative funding of $39 per credit student at community colleges still remains dramatically below corresponding expenditures in the other postsecondary college systems, CSU and UC. Table 30 below illustrates the disparity of student financial aid administration funding between the public postsecondary systems:

Table 30: Summary of Administrative Funding for Student Financial Aid Administration in Public Postsecondary Systems

	UC	CSU	CCC
2002-03 Undergraduate, Credit Enrollment	144,428[\1]	343,965[\1]	2,435,052[\2]
2003-04 Estimated Expenditure on SFA Administration	$34,700,000[\3]	$31,600,000[\3]	$94,300,000[\4]
Expenditure per Student	$240	$92	$39

Sources: [1/]Governor's 2004-05 Budget; [2/]Chancellor's Office MIS; [3/]LAO February 2004 Analysis of the 2004-05 Budget Bill; [4/]CCC expenditures include the on-going BFAP-SFAA Administrative Allowance, the new Financial Aid Outreach and Administrative Capacity augmentation and the reported expenditures from institutional and federal funds that support financial aid administration. This is an illustrative comparison of relative funding, not an exact calculation of administrative funding per student because data represent two fiscal years.

Conclusions

There are a number of significant findings in this report that help to illuminate the effects of the supply constriction that occurred in the CCC system in Spring 2003 and the fee increase that occurred in Fall 2003. Some data indicate that both the colleges' rationing of resources due to budget reductions and the fee increase had substantial impact.

Other data indicate supply constriction and fee increases caused distribution changes in the following areas:

- Total student headcount: down
- Total course section offerings: still down from their peak in Spring 2002 but starting to improve
- Non-transferable sections: still a smaller proportion of total offerings than was the case before the supply restrictions and fee increase
- Occupational course offerings: reduced at a rate higher than non-occupational sections in 2002-03, they began to improve in 2003-04
- Special Admit Students in Physical Education courses: activity reduced 84% in FTES between the 2001-02 and 2003-04 academic years
- Total student population by age: significant reduction in students 17 years of age or less and an increase in the percentage of students age 20-24
- Student Goal: Greater percentage of students with "degree/certificate/transfer-seeking" as their stated goal
- Student Credit Load: Greater percentage of students who were full-time, less who were part-time

The most significant findings came in the change in distribution of student enrollment status from FY 2002-03 to 2003-04, which showed:

- A significant drop in the percentage of first-time and returning students
- A significant drop in the percentage of special admit (K-12) students
- A decrease in the number of continuing students

Focusing specifically on the loss of first-time and returning students, one significant demographic pattern emerged:

- A decrease in the percentage of students who were older (age 25 or above)

Looking at the students lost and the types of courses lost (FTES), concern about occupational education programs and retraining programs for adults is warranted, although it is beginning to be addressed. In addition, supply constrictions and/or the fee increase caused a disproportionate loss of access for older first-time and returning students.